

LEVEL 1 - 4 OF 4 STORIES

The Associated Press

The materials in the AP file were compiled by The Associated Press. These materials may not be republished without the express written consent of The Associated Press.

June 15, 1984, Friday, AM cycle

SECTION: Domestic News

LENGTH: 401 words

HEADLINE: Rewald Associate Admits Fraud

DATELINE: HONOLULU, Hawaii

KEYWORD: Rewald

BODY:

An associate of former investment counselor Ronald Rewald has admitted that he knowingly helped defraud investors in the now-defunct company he and Rewald operated.

The Associated Press, June 15, 1984

Sunlin L. S. "Sunny" Wong, 35, pleaded guilty in U.S. District Court on Thursday to one charge each of mail and securities fraud.

He entered his pleas several hours after being indicted by a federal grand jury. The plea-bargain calls for him to testify against others involved in the case.

Wong was released on his own recognizance pending sentencing July 23. He faces a possible 10-year prison term and fines of \$11,000.

Wong was president, secretary and a director of Bishop, Baldwin, Rewald, Dillingham and Wong, which collapsed shortly after a suicide attempt by Rewald last July 29. Like Rewald, Wong was a 50 percent stockholder.

The company invested only \$630,000 of the \$22 million paid into the company by 400 investors, according to the 22-page indictment.

The rest, it said, was diverted to Rewald's "lavish lifestyle," Wong's \$100,000-a-year salary and payment of salaries and "interest" to create a "false facade of legitimate investment activity."

LEXIS NEXIS LEXIS NEXIS LEX

The Associated Press, June 15, 1984

Wong and Rewald engaged in activities that gave the appearance of substantial investment activity, "when in fact the actual investment of investors' money was virtually non-existent," the indictment said.

Rewald was not charged in the federal case, but U.S. Attorney Daniel Bent said the investigation is continuing.

Rewald faces state charges of theft in connection with the operation. He is free on bond and is in San Francisco looking for a job.

Reached at the San Francisco office of his attorney, Melvin Belli, Rewald denied Wong's court admission.

"I knew he was making a deal with the government, but I didn't think he would lie about it," Rewald said.

Samuel P. King Jr., Rewald's attorney in the state case, questioned whether a jury would believe Wong now that is he a confessed swindler.

Rewald maintains that he set up and operated the company at the request of the Central Intelligence Agency. The government has denied the claim, although court records indicate the company did provide cover for at least one CIA

The Associated Press, June 15, 1984

agent.

Thomas Hayes, court-appointed trustee in the bankruptcy case against the company, said the federal charges bear out his view that the CIA connection doesn't explain or excuse the loss of millions of dollars of investor money.

IS NEXIS LEXIS NEXIS LEXIS

S
LEXIS
NEXIS
LEXIS
NEXIS
LE

The Associated Press, June 16, 1984

June 16, 1984, Saturday, PM cycle

SECTION: Domestic News

LENGTH: 99 words

DATELINE: HONOLULU, Hawaii

KEYWORD: National Briefs

BODY:

Sentencing is scheduled July 23 for a man who pleaded guilty to mail and securities fraud, admitting he helped defraud investors in the company he operated with investment counselor Ronald Rewald.

Sunlin L. S. Wong, 35, pleaded guilty in U.S. District Court on Thursday to the charges. Rewald denied Wong's court admission.

The company collapsed after a suicide attempt by Rewald last July. It invested just \$630,000 of the \$22 million paid into it, according to the indictment.

The Associated Press, June 16, 1984

Rewald, free on bond in San Francisco, was not charged in the federal case, but faces state charges of theft.

WASHINGTON POST

DATE 16 June 87 PAGE A2

Hawaiian Pleads Guilty in Fraud Of \$21 Million

By Howard Kurtz
Washington Post Staff Writer

The president of a bankrupt Hawaii investment firm that claims to have had extensive ties to the CIA has pleaded guilty to charges that he defrauded investors of more than \$21 million.

A federal grand jury in Honolulu Thursday indicted Sunlin L.S. Wong, 35, for mail fraud and securities fraud, according to U.S. Attorney Daniel Bent. A few hours later, Wong entered a guilty plea.

Among other things, the indictment charged that Wong's firm, Bishop, Baldwin, Rewald, Dillingham & Wong, falsely told investors that it "gave business advice to the U.S. Senate, House of Representatives, White House, ex-presidents and Saudi Arabian princes."

The firm's collapse gained widespread attention when Wong's partner, Ronald R. Rewald, sued the CIA, contending that he was a covert agent, that he established the firm at the agency's direction and that some of its subsidiaries were "used completely and exclusively for CIA covert operations."

CIA officials have said the agency had only "a slight involvement" with the company and did not direct its operations.

Wong, who faces up to 10 years in prison and \$11,000 in fines, pleaded guilty in exchange for immunity from further prosecution. Law enforcement sources said he has agreed to cooperate in the continuing investigation of Rewald's activities.

Rewald has been charged by the Securities and Exchange Commission and Honolulu authorities with defrauding investors. The sources said federal prosecutors believe that Wong's guilty plea confirms that Bishop, Baldwin was an elaborate fraud scheme.

The Wong indictment said that Bishop, Baldwin "gave the appearance of substantial investment activity" while investing only \$630,000 of nearly \$22 million in clients' money. The indictment charged that \$21.3 million of investors' funds was used to perpetuate the scheme and "to maintain Rewald in an exceptionally lavish life style."

Bishop, Baldwin officials falsely told investors that the firm had been in Hawaii for 20 years, that they would receive a 20 percent return on their money, that the federal government was insuring investments of up to \$150,000 and that there was a two-year waiting list of potential clients, according to the indictment.

Some investors, who included several former CIA agents and retired military officers, have charged in lawsuits against the CIA that the agency shared responsibility for the bankruptcy.

Rewald charged in his suit that the CIA "established an operating budget for Bishop, Baldwin of several million dollars, and the agency used Bishop, Baldwin checking accounts and reimbursed Bishop, Baldwin and its agents and employees [for] their expenses for agency work

WASHINGTON POST

DATE 16 JUNE 84 PAGE A16

Called Key to Defense**Lawyer Seeks Records
For Accused Spy's Case**

By Lena H. Sun

Washington Post Staff Writer

Lawyers for accused spy Richard Craig Smith yesterday told a federal judge that sealed records of a defunct Hawaiian investment firm alleged to have been run by the Central Intelligence Agency are crucial to Smith's case.

"Smith's defense rests upon the fact that he was working for the CIA and reported to the Hawaiian [CIA] station," A. Brent Carruth, one of Smith's lawyers, told the judge.

His comment came as he sought records of the Honolulu firm, called Bishop, Baldwin, Rewald, Dillingham and Wong. "Those records will show that the CIA did maintain telephone numbers at Bishop, Baldwin, and that they did run operations up there," he said.

Smith, a former Army counterintelligence specialist who lived in Bellevue, Wash., has said he was acting under the direction of the CIA when he gave national defense information to a Soviet KGB officer. He is accused of providing the identities of six U.S. double agents to the KGB officer in Tokyo for \$11,000 after two meetings in November 1982 and one in February 1983.

District Judge Richard L. Williams denied the request yesterday, ruling it was too broad. He set a hearing for Wednesday to consider another request for the records, if the defense outlines specifically how the investment company's documents relate to Smith's case.

Smith has said his CIA operatives, who he said used the aliases of Ken White and Danny Ishida, gave him a Honolulu telephone number to call upon his return to the United States. The number was for one of the main lines at Bishop, Baldwin, according to telephone directories and company employees.

The CIA has said it has no records concerning Smith or his two alleged CIA operatives, and federal prosecutors in Alexandria and Hawaii have denied any connection between Smith's case and the firm's bankruptcy proceedings in Hawaii.

The request for the records was one of several by the defense denied by the judge in a 4½-hour hearing. Williams also rejected a request to move the trial, set for July 2, from Alexandria to Seattle.

Smith could be sentenced to life in prison if convicted on the espionage charge of transmitting national

defense information to a Soviet agent.

In denying the change of venue, the judge ruled that FBI surveillance of Smith in Seattle in the six weeks before his arrest April 4 at Dulles International Airport did not constitute an actual arrest, as the defense contended. Federal law provides that an individual charged with committing crimes outside the United States be prosecuted in the district where first arrested or taken into custody.

The judge also denied a defense request to suppress some incriminating statements Smith made to the FBI in interviews prior to his arrest.

The request for Bishop, Baldwin's records relates to records that have been sealed by a federal judge in Hawaii at the request of the CIA. The firm is in bankruptcy proceedings and two of its officers have been charged with fraud in connection with its collapse last July.

The CIA reimbursed the company for approximately \$3,000 worth of long distance telephone calls, telex charges and stationery for some small subsidiaries operating out of Bishop, Baldwin's offices that were used by the CIA as "commercial covers" for at least one bona fide CIA agent, according to company records.

That CIA agent, who called himself "Richard Cavanaugh," used a subsidiary, CMI Investment Corp., as a cover beginning in 1979, according to an official familiar with the Hawaii investigation.

"Cavanaugh" had business cards and stationery printed listing CMI and a Hawaii telephone number identical to the one Smith said he was given by his CIA operatives, according to company records.

In interviews since his release from jail last month, Smith said he was given the telephone number verbally at a meeting with his two CIA operatives in July 1982 in Tokyo, four months before the first of his three meetings with the Soviet KGB officer, Victor Okunev.

Smith has said he called the number at least three or four times, each time from the continental United States, and from a pay telephone. Each time, he said, a woman answered, he identified himself and asked that Ken White contact him.

Smith has said he was called back at least twice by individuals whom he believed to be working for the CIA.